

Message Text

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SUBJ: EVALUATING THE IMPACT OF BRAZIL'S INDUSTRIALIZATION:

AN ANALYSIS BY WERNER BAER

1. SUMMARY: PROFESSOR WERNER BAER PRESENTED TO THE AMERICAN CHAMBER OF COMMERCE IN SALVADOR AN EVALUATION OF BRAZILIAN INDUSTRIALIZATION USING TEN DIFFERENT CRITERIA. THE SPEECH ATTRACTED GREAT INTEREST IN THE CHAMBER AND IN THE PRESS AND STIMULATED UNUSUALLY ACTIVE DEBATE AT THE CHAMBER MOST OF WHOSE MEMBERS ARE BRAZILIANS. BECAUSE BAER HAS STUDIED AND WRITTEN ABOUT BRAZILIAN ECONOMIC GROWTH FOR NEARLY TWENTY YEARS, HE IS IN A SPECIAL POSITION TO COMMENT FRANKLY AND OPENLY ON THIS GROWTH AND ELICIT SERIOUS DEBATE. IN ADDRESSING HIMSELF DIRECTLY TO BRAZILIAN ISSUES AS COMPETENTLY AND AS KNOWLEDGELY AS HE DOES, HE AROSE UNUSUAL INTEREST IN HIS AUDIENCE. IN THE SUBSEQUENT QUESTIONING AND DEBATE PICTURES OF THE U.S. AND DISCUSSION OF BILATERAL ECONOMIC ISSUES TEND TO BECOME IMPORTANT PARTS OF THE DISCUSSION. THE PROGRAM WAS SO SUCCESSFUL THAT WE HOPE HE CAN COME BACK NEXT YEAR. THE PAPER PRESENTED WILL BE PUBLISHED SHORTLY. FOLLOWING ARE BRIEF NOTES IN THE EVENT. END SUMMARY

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2. IN A SPEECH LAST WEEK TO THE AMERICAN CHAMBER OF COMMERCE IN SALVADOR PROFESSOR WERNER BAER, A USICA SPONSORED SPEAKER, ADDRESSED THE CONTROVERSIAL ROLE OF INDUSTRIALIZATION IN CHANGING BRAZIL. HE USED THE FOLLOWING TEN CRITERIA AS A BASIS FOR ANALYSIS- GROWTH, EMPLOYMENT, TECHNOLOGY, DISTRIBUTION OF INCOME, REGIONAL BALANCE, BALANCE OF PAYMENTS, DEPENDENCE, ROLE OF PUBLIC SECTOR, ENVIRONMENT AND ENERGY. VIEWING BRAZILIAN INDUSTRIALIZATION

THROUGH THESE DIFFERENT PRISMS HE SHOWED HOW ONE OFTEN ARRIVES AT CONTRADICTIONARY CONCLUSIONS. FOR EXAMPLE, FOLLOWING THE PREBISCH ARGUMENT OF 1950'S, BRAZIL'S INDUSTRIALIZATION SHOULD HAVE MADE THE ECONOMY "LESS AN APPENDAGE OF THE TRADITIONAL ECONOMIC CENTERS OF THE WORLD", YET, PROFESSOR BAER SUGGESTED THAT THE GROWTH IN BRAZIL'S INDUSTRIAL CAPACITY HAS INCREASED BRAZIL'S DEPENDENCE ON IMPORTED TECHNOLOGY EVEN THOUGH BRAZIL HAS DIVERSIFIED ITS MARKETS IN THE MORE DEVELOPED COUNTRIES. IN ADDITION, RISING INDUSTRIALIZATION HAS BROUGHT WITH IT, AT LEAST IN THE NEAR TERM, GREATER DEPENDENCE IN THE ENERGY FIELD.

3. CONCERNING THE REGIONAL BALANCE CRITERIUM BAER NOTED THAT IMBALANCE HAS BEEN ACCENTUATED BY INDUSTRIALIZATION. HOWEVER, HE ARGUED THIS IS INEVITABLE IN A POOR COUNTRY. TO DEVELOP ITS SMALL MARKED AND ACHIEVE ECONOMIES OF SCALE A POOR COUNTRY CAN NOT ATTEMPT REGIONAL DECENTRALIZATION IN THE EARLY STAGES OF DEVELOPMENT WITHOUT SACRIFICING THE GROWTH AND EFFICIENCY OF THE INDUSTRIAL SECTOR.

4. IN OTHER PARTS OF HIS ADDRESS PROFESSOR BAER SHOWED OTHER CONFLICTING RESULTS OF BRAZILIAN INDUSTRIALIZATION WHEN TWO OR MORE OF THE TEN EVALUATING CRITERIA ARE STUDIED. HOW ONE COMES OUT IN HIS OVERALL EVALUATION OF BRAZILIAN INDUSTRIALIZATION DEPENDS ON ONE'S VALUES AND THE RELATIVE EMPHASIS HE GIVES DIFFERENT CRITERIA.

5. BAER'S SPEECH WAS ONE OF THE MORE PROVOCATIVE, AND VALUABLE ONES THAT HAS BEEN GIVEN BEFORE THE AMERICAN CHAMBER OF COMMERCE IN SALVADOR. THE DEBATE AND QUESTIONING FOLLOWING ON MANY POINTS WAS UNUSUALLY STIMULATING AND WAS TERMINATED WAY AFTER THE NORMAL CLOSING

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TIME. MANY MEMBERS REQUESTED COPIES OF HIS BOOKS, SEVERAL OF WHICH HAVE BEEN TRANSLATED BY USICA. GIVEN THE RECEPTION ACCORDED TO PROFESSOR BAER, ONE OF THE FOREMOST BRAZILIANISTS, I HOPE THAT USICA MAY BE ABLE TO PROGRAM HIM AGAIN NEXT YEAR IN SALVADOR FOR A PRESENTATION ON A SIMILAR OR RELATED TOPIC. PERHAPS WE CAN ARRANGE A SEMINAR FORMAT TO ALLOW EVEN MORE TIME FOR QUESTIONING AND DEBATE. GIVEN THE IMPACT AND FRIENDSHIPS HE MADE HERE, A LITTLE ADVANCE NOTICE SHOULD INSURE A MUCH ABOVE AVERAGE PROGRAM IN TERMS OF MEETING BASIC USICA OBJECTIVES.

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